

VZCZCXRO9745

RR RUEHAG RUEHAST RUEHDA RUEHDBU RUEHDF RUEHFL RUEHIK RUEHKW RUEHLA
RUEHLN RUEHLZ RUEHPOD RUEHROV RUEHSR RUEHVK RUEHYG
DE RUEHSI #1169/01 1381259
ZNR UUUUU ZZH
R 181259Z MAY 07
FM AMEMBASSY TBILISI
TO RUEHC/SECSTATE WASHDC 6388
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE

UNCLAS SECTION 01 OF 02 TBILISI 001169

SIPDIS

SIPDIS

E.O 12958: N/A

TAGS: [PREL](#) [PGOV](#) [GG](#)

SUBJECT: Georgia Bi-Weekly Update May 18

¶1. This cable contains current items of political, economic, and social interest concerning Georgia during the weeks of May 5-18.

Opposition Pulls Out of Parliamentary Group

¶2. Both of the opposition members of the Parliamentary inter-faction group on property issues have left the group in protest against the majority. On May 8, as the group was considering a draft law on property, New Rights leader David Gamkrelidze announced he was leaving the group because the majority refused to consider differing arguments. On May 9, State Minister for Economic Reform Bendukidze publicly described the inter-faction group's activity as "foolishness," claiming that "it is not able to do anything." This prompted the other opposition member, Zurab Tkemaladze, to leave the group and to demand an apology from Bendukidze. Speaker Burjanadze said that while she had not heard Bendukidze's comment personally, if he really insulted the inter-faction group he should apologize publicly. In a subsequent television appearance Bendukidze said he saw no reason for an apology.

Protests at Parliament

¶3. On May 16, following a week in which various rallies took place in front of Parliament, President Saakashvili proposed toughening the penalties for unsanctioned demonstrations. On May 8, opposition parties protested against the increase of gas and water tariffs, public transportation charges, and a local rehabilitation tax. At a larger rally May 10, initiated by the Labor Party, demonstrators burned Saakashvili in effigy. Elsewhere the same day, employees of "Airzena" airline protested the airline's acquiescence in an Israeli demand to cut one of Airzena's two scheduled flights to Israel. Saakashvili's proposal would establish a 1-month prison term and a fine of approximately USD 118 for participation in an unsanctioned demonstration. Georgian opposition leaders expressed their discontent with the initiative, saying it is designed to restrict their actions in next year's elections.

Prosecutor's Office Launches Anti-Drug Campaign

¶4. On May 15, the Prosecutor General's Office unveiled a wide-scale anti-drug strategy, primarily based on proposed legislative changes, but also envisaging roles for the Georgian Orthodox Church, media and society at large. The strategy, presented by Deputy Prosecutor General Nika Gvaramia, is in line with President Saakashvili's message to Parliament on March 15, which stressed the need to fight drug addiction. The Patriarch of the Georgian Orthodox Church called on the population to condemn drug addiction during his Easter Epistyle. In addition to tougher penalties, the Prosecutor's strategy calls for measures to raise public awareness and more focused medical attention to the problem. Some opposition political forces have expressed concern that the proposals do not make a sufficient distinction between drug dealers and users, and argue the law could be abused. Parliament will start debate on the legislation next week.

New Head of Control Chamber

¶5. The Parliament has approved the candidacy of Deputy Foreign Minister Levan Choladze to lead the Control Chamber, Georgia's main state audit agency. The position had been vacant since the death of the previous chairman Zurab Soselia in March 2007. Some opposition faction members objected and called for the appointment of a candidate from the opposition. Parliamentary Chairperson Nino Burjanadze responded that the majority had selected a candidate whose impartiality was beyond doubt. Choladze, 29, graduated from the Tbilisi State University with a degree in international law. He worked in the Prosecutor's Office from 1996 until 1998. He subsequently worked in different positions in the Defense Ministry until 2004, as a secretary of the National Security Council until 2005, and as a Deputy Foreign Minister from 2005 to the present.

Arrival of Ukrainian Bank

¶6. Ukraine's PrivatBank has entered Georgian banking market by acquiring Georgian Tao Bank. PrivatBank, with total assets of USD 8 billion, reportedly paid USD 25 million for 75 percent of the shares in Tao Bank, which has total assets of about USD 15 million. Tao Bank had been majority owned by Coca Cola Bottlers Georgia, which also owns the Coca-Cola production plant in Tbilisi. On May 15, an official from PrivatBank said at the announcement of the sale that Tao Bank's ambition is to become Georgia's leading bank. Georgia's banking system, which presently consists of 19 commercial banks, is considered one of the most attractive sectors for foreign investors. In the last two years, the banking sector has attracted U.S., French, Russian, and Kazakh direct investment.

U.S. Assistance for Tourism Development

¶7. The U.S. Trade and Development Agency (USTDA) has approved a grant in the amount of \$450,000 to the Ministry of Economic Development to partially fund technical assistance on the Tourism Development Strategy Plan project. The study will be carried out by the America-Georgia Business Council (AGBC) and its subcontractors,

TBILISI 00001169 002 OF 002

who will contribute \$30,230. Signing of the grant agreement is tentatively scheduled for early June, during Minister of Economic Development Arveladze's visit in the U.S.

Disease Strikes Pigs in Western Georgia

¶8. The population of the Samegrelo and Guria regions is worried about a possible epidemic of so-called circular virus among pigs. Over 3,000 pigs were destroyed in Guria and farmers reportedly disposed of the dead animals in a river and in the streets, causing concern that water contamination could spread the disease. The source of the outbreak is not yet unknown. An Embassy veterinary contact told us he had traveled to the region and is coordinating a governmental commission on swine diseases that is attempting to deal with the problem. Officials have said the disease is not contagious among people.

TEFFT